

**New Jersey Turnpike Authority
Financial Summary
For the Eight Months Ended August 31, 2014**

ACTUAL REVENUE - January - August	\$ 1,082,332,000
ESTIMATED REVENUE - September - December	<u>542,062,000</u>
<i>Projected Annual Revenue</i>	\$ 1,624,394,000
 ESTIMATED ANNUAL OPERATING EXPENSES	 <u>476,125,000</u>
<i>Projected Net Revenue</i>	\$ 1,148,269,000
 DEBT SERVICE REQUIREMENTS	 613,724,000
CHARGES FUND	1,150,000
SPECIAL PROJECT RESERVE FUND	28,800,000
MAINTENANCE RESERVE FUND	74,814,000

The following un-audited results are for the eight months ended August 31, 2014.¹ Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2014, the Authority is projected to have a debt service coverage ratio of 1.87.

On May 1, 2014, CDM Smith, the Authority's Traffic Engineering Consultant, completed an investment grade traffic and revenue study. The study utilizes actual results through March 2014 and includes, among other variables, projections reflecting current economic forecasts. The May 1, 2014 study projects \$7 million lower toll revenue in 2014 as compared to the prior projections. The reduced 2014 projection is due to the harsh winter weather during the first quarter of the year. The lower projection is partially offset, however, by anticipated increased traffic and revenue from slightly improved economic forecasts as compared to the prior projections. Results for the eight months ended August 31, 2014 are now compared to the revised projections in the May 1, 2014 study.

The Authority's total revenue for the eight months ended August 31, 2014 was \$1,082,332,000, which was \$2,944,000 more than current projections. Toll revenue was \$955,805,000 or 0.4% more than the current CDM Smith projections due to favorable weather conditions since April 2014 and relatively stable gas prices. Miscellaneous revenue also exceeded projections due to more than \$1 million of surplus land sales which were not projected. When compared to the Authority's original approved 2014 budget, total revenue would be \$15,400,000 lower than projected.

For the eight months ended August 31, 2014, traffic on the New Jersey Turnpike increased 2.2% and toll revenue increased 1.5% from the same period in 2013. During the first three months of 2014, there were six major storms, five of which were declared to be States of Emergency in New Jersey. These six storms resulted in 1,980,000 fewer transactions and \$8,103,000 lower revenue when compared to the same days last year. When eliminating these six storms, traffic and revenue would have increased 3.7% and 2.8%, respectively. CDM Smith's revised forecast is for annual traffic and revenue growth in 2014 of 2.6% and 1.7%, respectively. The August 2014 E-ZPass usage rate on the New Jersey Turnpike was 81.0%, up from 80.4% in August 2013.

For the eight months ended August 31, 2014, toll transactions on the Garden State Parkway were flat and revenue decreased slightly by 0.1% when compared to the same period in 2013. The decline was due to the more severe winter weather in January, February and March 2014 as compared to those same months in 2013. The six major storms resulted in 3,417,000 fewer toll transactions and \$3,395,000 in lower revenue when compared to the same days last year. When eliminating these six storms, toll transactions and revenue would have increased 1.5% and 1.2%, respectively. CDM Smith's revised 2014 forecast projects an increase in toll transactions of 0.4% and an increase in revenue of 0.5%. The August 2014 E-ZPass usage rate on the Garden State Parkway was 77.9%, increasing from 77.2% in August 2013.

Operating expenses for the eight months ended August 31, 2014 were approximately \$309,288,000, which was 97.5% of the year-to-date budget. Operating expenses were negatively impacted by increased snow costs. The higher than anticipated costs were partially offset by lower than projected toll violation processing costs. With four (4) months remaining in the year, the Authority has already spent its entire 2014 snow budget in its Operating and General Reserve Funds, which totaled \$16,380,000. In addition, through August 31, 2014, the Authority spent \$26,573,000 on snow removal costs, which were predominantly charged to the General Reserve Fund as Extraordinary Snow expenses. Thus, for the first eight months of 2014, the Authority has spent \$42,923,000 on snow removal. Discretionary spending and budgetary guidelines will be closely monitored and adhered to throughout the remainder of the year in order to control operating expenses.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the eight months ended August 31, 2014, total expenditures were approximately \$53,275,000. Expenditures included \$11,389,000 for Turnpike Bridge Repairs, \$10,923,000 for Parkway Bridge Repairs and \$6,213,000 for Parkway Resurfacing of milepost 80 to 143. In addition, expenditures from the General Reserve Fund totaled approximately \$211,123,000, including \$162,000,000 for the State Transportation Capital Plan, \$32,294,000 for Extraordinary Snow expenses, and \$11,000,000 for the Transportation Trust Fund.

Total expenditures in the Construction Fund for the eight months ended August 31, 2014 were approximately \$504,750,000. Expenses included \$147,759,000 for the Turnpike Interchanges 6 - 9 Widening Project, \$61,345,000 for the Parkway 83-100 Shoulder Improvement Project, \$46,733,000 for Authority Facilities Improvements and \$26,769,000 for the Great Egg Harbor Drag Channel Bridge Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,161,302,000.

¹ These are un-audited results. Amounts and categories of revenue and expenses may change when audited.